

ORDINANCE DIRECTING THE CITY MANAGER TO ANNUALLY RESET INTEREST
RATES, IN ACCORDANCE WITH THE PRIME RATE, ON INSTALLMENT PAYMENTS
FOR CAPITAL FACILITIES FEES FOR WATER AND SEWER CONNECTIONS

WHEREAS, (1) Section 115.6(b) of the City Charter, as implemented by Section 70-50(b)(4) of the City Code, allows property owners to pay capital facilities fees for water and sewer connections in installments, at an interest rate set by the City Council, provided the rate does not exceed 9% per year; (2) the Council has set the rate at 9% for many years; (3) market interest rates fluctuate from year to year; (4) the City Council finds it prudent to charge market interest rates;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DURHAM ORDAINS:

Sec. 1. The Fee Schedule is amended by adding a new section, to read as follows:

Part 15-117 (Interest rate on capital facilities fees for water and sewer connections)

The interest rate on time payments for capital facilities fees for water and sewer connections made under Article 15 (Capital Facilities Fees) of the Charter shall be the lesser of (i) the Prime Interest Rate published in The Wall Street Journal on the fourth Friday of May of each year, rounded to the nearest basis point, plus 4.25%, or (ii) 9%. The new interest rate set according to this formula is effective for the July 1 – June 30 that follows the Friday in May.

Time payments are subject to the interest rate in effect during the fiscal year that the City Manager receives the completed application for time payments. The date of receipt of the application is set under procedures established by the City Manager.

The interest rate as determined by the two preceding paragraphs does not apply with respect to completed applications received July 1, 2010 through June 30, 2011, which instead are subject to an interest rate of 7.5%.

The interest rate set under this Part for a particular property will remain in effect for that property, regardless of changes in interest rates that may occur in later fiscal years.

If a court of competent jurisdiction determines that an interest rate set lower than 9% pursuant to this Part is invalid or unenforceable, the applicable interest rate shall be 9% for the entire period that the lower interest would have applied if it had been valid and enforceable.

Sec. 2. This ordinance is effective upon adoption.